GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:2111
ANSWERED ON:05.03.2003
INCENTIVES TO TELEPHONE MANUFACTURERS
NAWAL KISHORE RAI;RAMJI LAL SUMAN

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Government have provided incentives for the expansion and development of the telephone manufacturing industry;

(b) if so, the details thereof alongwith the average annual growth rate and annual turnover of the industry during each of the last three years;

(c) the percentage of dividend in the industry; and

(d) the annual growth rate of employment generation in the industry?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRIMATI S MAHAJAN)

(a) to (d) Yes, Sir. The Government has provided number of incentives for the expansion and development of the telecom equipment manufacturing industry including telephone manufacturing industry. Some of the incentives are;

(i) Manufacturing sector has been delicensed and therefore, no license is required to undertake manufacture of telecom equipment. 100% foreign direct investment is allowed in this sector under automatic route through Reserve Bank of India (RBI). A technical know-how fee of US$ 2 million and royalty @ 5% for the domestic sales and @ 8% for the export are also allowed under automatic routÃ©.

(ii) The Telecom Service Operators have been allowed to issue Form `C` under Central Sales Tax enabling telephone manufacturing industry to avail concessional Sales Tax benefits.

(iii) Electronics Hardware Technology Park Scheme had been modified to boost indigenous telecom manufacturing industry.

The total production of the telecom equipment industry during the years 1999-2000, 2000-2001 and 2001-2002 had been Rs. 10,760 crores, Rs. 12,271 crores and 15,437 crores respectively. The average annual growth in the industry had been around 20.0%. However, the database regarding the percentage of dividend and annual growth rate of employment generation in the telephone manufacturing industry is not centrally maintained.